

AGENDA: September 10, 2002

4.16

CATEGORY: Consent

DEPT.: Finance and Administrative Services

TITLE: Response to Fiscal Year 2001-02 Grand Jury Report

RECOMMENDATION

1. Approve the City's response to the 2001-02 Santa Clara County Grand Jury's Examination of Audits and Financial Reports (Attachment 1 of the staff report).
2. Authorize the City Manager to sign and transmit the City's response to the presiding judge of the Superior Court.

FISCAL IMPACT

There is no fiscal impact directly associated with approval of the City's response to the Grand Jury report.

BACKGROUND AND ANALYSIS

The City received a copy of the 2001-02 Santa Clara County Grand Jury's Examination of Audits and Financial Reports (Attachment 2) on July 5, 2002.

California Penal Code Section 933 requires the head of an agency which has been the subject of a Grand Jury report to comment within 60 days to the presiding judge of the Superior Court regarding the findings and recommendations pertaining to matter under the control of the agency. The deadline for the City to submit its comments is September 25, 2002.

The 2001-02 Santa Clara County Grand Jury examined audits, financial reports, financial statements and management letters of 32 cities and government agencies. This information was requested from each government agency within the County.

After reviewing this information, the Grand Jury reported four findings, two of which are relevant to cities. The first finding concludes management audits are not a routine function of the entities contacted by the Grand Jury. The second finding concludes the new financial reporting requirements of the Governmental Accounting Standards Board (GASB) Statement 34 are not routinely addressed in public documents resulting in restricted information being available to the public.

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As regards the first finding, the City conducts management audits and reviews routinely; however, a report was not completed during the time period the Grand Jury requested. The second finding is acknowledged; however, technical accounting subjects are not normally discussed at any length in public documents. City staff have spent many hours over the past year planning, training and preparing the information necessary to meet the new financial reporting requirements. The City's comprehensive annual financial report for Fiscal Year 2001-02, currently under preparation, will fulfill these new requirements.

PUBLIC NOTICING – Agenda posting.

Prepared by:

Approved by:

Robert F. Locke
Finance and Administrative Services
Director

Kevin C. Duggan
City Manager

RFL/9/CAM
533-09-10-02M-E-1^

- Attachment:
1. Response to the 2001-02 Santa Clara County Grand Jury's Examination of Audits and Financial Reports.
 2. Copy of the 2001-02 Santa Clara County Grand Jury's Examination of Audits and Financial Reports.